

Message

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Sent: 5/28/2016 3:50:23 PM
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CC: Jon Gold [REDACTED]@google.com]; Purnima Kochikar [REDACTED]@google.com]; Claire Hart [REDACTED]@google.com]; Kevin Wang [REDACTED]@google.com]
Subject: Time-Sensitive: Subscriptions

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All (with Claire for legal advice),

We're starting to hear an escalation of the rumors that Apple will be changing its rev share on subscriptions to 85/15, potentially as early as WWDC (which is the week of 6/13).

It's a scramble but I think we need to assume the rumor is true and plan accordingly. If we can move quickly, we have a good opportunity to "lick the cookie" and preempt Apple's announcement,. At the same time, we don't want to overshoot or box ourselves in. We don't know whether Apple will do this for all subscriptions or just a narrowly defined set (i.e., media & content subscriptions). And we don't know what other conditions might be attached.

I'd like to suggest that Vineet, Larissa, Mike Petrillo and Shannon form the core working group for this and quickly come to a recommendation for something we could implement during the week of 6/6. Along the way you may want to pull in Legal, Finance and Ops. For LRAP our working group became too large... let's try to keep this as tight as possible given the sensitivity. BTW, by "implement" I am realistic that what we're likely talking about is a pre-announcement, not a fully operational program -- and that might actually be the better strategy (see below).

My early thoughts (which are not prescriptive):

* One strategy would be to make a public statement on how we're working on changing our revenue share to 85/15 for [content] subscriptions "in the near future" (or maybe by a certain date) and say that more details are coming soon. This would give us credit for the idea, but would put the ball in Apple's court to define it -- so we don't overshoot or undershoot. And given how buttoned up they typically are, they probably have the definition established already.

* This statement could happen in the context of a press interview Shannon orchestrates to talk about our progress with Play generally, or our progress with content apps. So it's not a blog post that stands alone but a deliberate statement by one of our leaders, dropped in context, on where we're heading. It could be coupled with info on all the investments we've made in our subscriptions platform.

* We could consider telling the full story of LRAP as the pilot program for this and that we're now planning to open it up to everyone in the category. On the one hand, gives us credit for being thoughtful. On the other, might alienate partners who haven't been offered LRAP. But if the story of LRAP is going to get out anyway, maybe we shouldn't worry about this.

* Of course we have to be very buttoned up on reactive comms for non-subscription developers (i.e., game devs) who are at 70/30 and will continue to be.

EXHIBIT 5996

* I know Mary has been doing some modeling on the impact of the change on revenue. Depending on what we decide to do, we'll likely need to brief IR.

BTW, you guys could also recommend, "Do Nothing" or "Wait to see what Apple does." Those paths are up for discussion as well. And in any path we choose, we also have to war game the scenario in which our intelligence was wrong and Apple does nothing or stays silent for longer than we anticipated.

Thanks,

Jamie